Message Text

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ACTION EA-09

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06

ACDA-05 AGR-05 AID-05 COME-00 EB-07 FRB-03 TRSE-00

XMB-02 OPIC-03 CIEP-01 LAB-04 SIL-01 OMB-01 STR-04

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TO SECSTATE WASHDC 2996
INFO AMEMBASSY SEOUL
AMEMBASSY TAIPEI
AMCONGEN HONG KONG

USLO PEKING

CINCPAC HONOLULU HI

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CINCPAC FOR POLAD

E.O. 11652: N/A TAGS: PINT, JA

SUBJ: EXTRAORDINARY DIET SESSION

REF: TOKYO 11704

SUMMARY. EXTRAORDINARY DIET SESSION NOW SCHEDULED TO CONVENE SEPTEMBE

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11. FOR TIME BEING, LDP HAS DECIDED NOT TO INTRODUCE CONTROVERSIAL MEASURES, BUT CONCENTRATE ON ECONOMIC RECOVERY. OPPOSITION PARTIES

HAVE FORMED VARIOUS JOINT STUGGLE GROUPINGS AND INTEND TO OPPOSE ALCOHOLIC BEVERAGE, TOBACCO AND POSTAL COST INCREASES DEMANDING ADOPTION OF STIMULATIVE MEASURE. GOING MAY BE TOUGH FOR MIKI, BUT GIVEN NEED TO STIMULATE ECONOMY AND APPARENT UNITY OF LDP, MIKI SHOUL LIMITED OFFICIAL USE

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BE ABLE TO OVERCOME OBSTACLES, ED SUMMARY.

1. THE CABINET FORMALLY DECIDED SEPTEMBER 2 TO CONVENE EXTRAORDINARY

DIET SESSION ON SEPTEMBER 11. THOUGH NEGOTIATIONS ARE PENDING WITH OPPOSITION ON LENGTH OF SESSION, IT APPEARS THAT IT WILL BE 75-80 DAYS.

2. AS REPORTED REFTEL, GOJ STILL INTENDS TO AVOID CONTENTIOUS NON-ECONOMIC ISSUES. IT WILL STRESS, I FTEAD, MEASURES TO HELP ALLEVIATE THE NATIONAL AND LOCAL FINANCIAL PINCH--EARLY DIET APPROVAL OF INCREASED POSTAL RATES AND INCREASED TOBACCO AND ALCOHOLIC BEVERAGE PRICES--AND ANTI-RECESSION MEASURES, TO BE CONTAINED IN SUPPLEMENTAL BUDGET. GOJ HAS ALREADY STATED THAT BUDGET AND RELATED

BILLS WILL NOT BE READY FOR INTRODUCTION UNTIL EARLY OCTOBER, AND IT INTENDS TO INTRODUCE THE ALCOHOL, TOBACCO AND POSTAL MEASURES AT THE OUTSET OF SESSION.

3. WITH THEIR EYE ON POSSIBILITY OF AN ELECTION INTHE NEAR FUTURE AND THE PERCEPTION THAT CONFRONTATION WILL HELP THEIR RESPECTIVE CAUSES, OPPOSITION PARTIES HAVE TAKEN SEVERAL MEASURES TO SHORE UP THEIR SOMETIMES WAVERING UNITED STANCE AGAINST LDP. IN ADDITION TO JSP-CGP (MOMEITO) AND JSP-DSP JOINT STRUGGLE AGREEMENTS, THE JSP AND JCP ALSO AGREED YESTERDAY ON JOINT STRUGGLE TACTICS AIMED PRIMARILY AT PRICE BILLS AND SCURITY TREATY RELATED PROBLEMS. WITH TOPPLING MIKI AND NEW ELECTIONS THEIR MAIN OBJECTIVES, OPPOSITION IS DETERMINE D

TO BLOCK THE VARIOUS PRICE INCREASE BILLS AND DEMAND FIRST PRIORITY BE GIVEN TO ANTI-RECESSION MEASURES THROUGH THE EARLIER INTRO-DUCTION OF SUPPLEMENTARY BUDGET. OPPOSITION IS ALSO DETERMINED TO OPPOSE FLOATING OF NATIONAL BONDS AND MASSIVE PUBLIC INVESTMENT AS STIMULATIVE MEASURES, CONTNDING THAT BENEFITS OF SUCH PROGRAMS LARGELY FLOW TO GIANT INDUSTRIES TO NEGLECT OF MIDDLE AND SMALL SIZED BUSINESSES. OPPOSITION INTEREST IN ANTI-MONOPOLY LAW, WHICH FAILED IN THE UPPER HOUSE DURING LAST DIET SESSION, CONTINUES, BUT LDP EXECUTIVES, IN INTEREST OF PARTY UNITY, HAVE DECIDED TO DROP CONTROVERSIAL (WITHIN LDP) MEASURE FROM AGENDA.

4. COMMENT. AT THIS POINT, MEDIA BELIEVES LDP WILL HAVE ROUGH GOING IN THIS EXTRAORDINARY DIET SESSION. GIVEN, HOWEVER, WIDELY RECOGNIZED NEED TO STIMULATE ECONOMY AND EVENTUAL RELUCTANCE OF LIMITED OFFICIAL USE

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OPPOSITION PARTIES, JCP EXCEPTED, TO APPEAR TO STAND IN WAY OF ECONOMIC RECOVERY, HURDLES TO MIKI'S ECOOMIC PROGRAM MAY NOT BE SO GREAT, DESPITE JOINT STRUGGLE TACTICS. HAVING DROPPED NON-

ESSENTIAL ITEMS FROM AGENDA AND SECURED PROMISES OF COOPERATION FROM

 ${\bf LDP\ FACTION\ LEADERS,\ MIKI\ SHOULD\ BE\ ABLE\ TO\ RIDE\ OUT\ MOST\ DIFFICULTIE}$

OPPOSITION MAY POSE. COURSE OF DIET SESSION WILL HAVE A BEARING ON MIKI'S PLANS FOR DISSOLUTION AND GENERAL ELECTION, BUT THESE MAY BE MORE AFFECTED BY RESLTS OF ANTI-RECESSION MEASURES WHIH WILL NOT BE APPARENT UNTIL EARLY NEXT YEAR. HODGSON

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